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Title:

Statement: State taxes

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File 3084 105

STATEMENT

from the Premier

Date.....September 7, 1976

Embargo.....4 pm

State Administration Centre,
Victoria Square, Adelaide,
South Australia 5001
227 2688

STATE TAXES

Further concessions in State taxation, no new increases in government charges and substantial funds for drought relief, the development of the Cooper Basin and support to the State's construction programme are the main points of the 1976-77 South Australian Budget.

Introducing the Budget in Parliament today, the Premier and Treasurer, Mr. Dunstan, said he expected the State to end the financial year with a balanced result. Aggregate payments and receipts are each expected to be around \$1171 million.

Mr. Dunstan said the Budget put the welfare of people above political dogma.

"Despite the attempts of Mr. Fraser and Mr. Lynch to starve the States, we will continue to provide the people of South Australia with the services which they need from their Government.

"We do not accept the Federal Government's economic policies which mean that people must be thrown out of work and that community services such as hospitals, schools, transport and social welfare must be cut back.

"As a result of good housekeeping and careful management, South Australia will be best able to lessen the impact of Mr. Fraser's federalism arrangements"

The Budget provides :

- Indexation of payroll tax exemptions to ensure that small and medium sized businesses will not be hit by rising wage levels.

The changes mean that exemptions which allow small and medium sized businesses to be completely or partially free of payroll tax will be indexed to take account of rising wage levels.

The exemptions will be indexed 15 percent from January 1, 1977. The present level of \$41,600 will be increased to \$48,000 and will taper

down to \$24,000 (presently \$20,800) at a payroll level of \$84,000 (presently \$72,800). This change will cost the Government \$1 million in a full financial year.

- Further payroll tax concessions as incentives to industries wishing to set up or expand in South Australia. The estimated cost is around \$160,000.
- Stamp duty on property purchases to be eased at a cost of more than \$3 million in a full year. The changes will ease the impact of stamp duty for people buying land, average sized homes or small businesses.
- The changes will mean reductions of up to 22 percent in stamp duty. As an example, the present stamp duty on a purchase of \$12,000 is \$150. This will be cut to \$120. The present stamp duty on a purchase of \$20,000 is \$360. This will be cut to \$280, and for all conveyances above \$20,000 there will be a flat \$80 saving.
- An appropriation of \$11.5 million for drought relief. \$1.5 million will be provided by the State, with \$10 million from the Commonwealth in accordance with normal drought relief guidelines. The Premier said he had written to the Prime Minister, Mr. Fraser, asking for urgent consideration of the State's submissions for drought assistance.
- \$12 million for the development and exploration of the Cooper Basin Gas Fields. \$2.5 million will be spent to boost exploration, and the remaining \$9.5 million allocated for the purchase of the Commonwealth Government's share in the producer consortium. The previous Federal Government took up this share at a time when some members of the consortium had financing problems.
- A special allocation of \$15 million from revenue to ensure that the State's construction programme, which is financed from the Loan Fund, is maintained. The money will be used to build hospitals, schools, community welfare facilities and other public works.
- \$23.1 million for highways in the State (up \$11.1 million)
- \$243.5 million for primary and secondary schools (up \$16.8 million)

- . \$29.5 million for further education (up \$4.1 million)
- . \$6.3 million for independent schools (up \$1.3 million)
- . \$173 million on hospitals (up \$28.1 million)
- . \$7.9 million on public health (up \$1.6 million)
- . \$22.6 million for community welfare, an increase of \$3.2 million

This includes an increase in financial assistance to people in need from \$5.4 million to \$6.9 million.

In the Budget, the Premier strongly attacked the Federal Government's new federalism proposals, in particular the tax sharing aspects.

Mr. Dunstan said there were three issues which greatly worried him. The lack of consultation by the Federal Government with the States on matters such as the introduction of full tax indexation, the medibank levy and the new child endowments arrangements meant that the State were not given the chance to express opinions on matters which affected their share of income tax.

The Federal Government's refusal to give the States an assurance that after 1980 income tax revenue will not be allowed to fall under the guaranteed failsafe levels of the old formula means that the burden of taxation could fall back on traditional State taxes which are often inflationary and regressive.

The introduction of levies such as the Medibank charge was a device by which the Federal Government could impose permanent income taxes under another name, and that the States would not be given a proper share of such taxes.

Mr. Dunstan said the States were faced with the prospect of using their traditional tax measures or the surcharge on income tax which was part of the Liberal Federalism proposals. But it was unlikely that the Federal Government would allow the States the freedom to fully use the surcharge power.

"Unless there is a change I suspect that by 1979-80, the States will be receiving no more than they would have under the old Financial Assistance Grants formula.

"After that, the guarantees in the old formula will disappear and the States will be dependent for much of their revenues on the ebb and flow of Federal income tax policy.

Mr. Dunstan said any move to reduce the importance of income tax could put the States into ^{an} even more difficult position and could set the scene for Federal Government intervention in State taxation areas.

CONVEYANCES

<u>Value</u>	<u>Present</u> <u>Stamp</u> <u>Duty</u>	<u>Proposed</u> <u>Stamp</u> <u>Duty</u>	<u>Saving</u>	<u>Saving</u> %
\$	\$	\$	\$	
12,000	150	120	30	20%
18,000	300	240	60	20%
20,000	360	280	80	22%
30,000	660	580	80	12%
40,000	960	880	80	8%
			*	

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